KIRIBATI AUDIT OFFICE

P.O BOX 63
Bairiki, Tarawa
Kiribati

Tel: (686)21118
Fax: (686)21250
Email: infor@knao.gov.ki

Audit for an impact for the public

File Ref: SOE 23

Date: 28/01/2026

To: Mr Willie Tokataake
Honourable Speaker to Parliament
Maneaba ni Maungatabu
Ambo

Dear Sir,

SUBMISSION OF AUDITOR REPORT ON THE ACCOUNT OF BWEBWERIKI NET Ltd FOR THE YEAR ENDED 31/12/24.

Pursuant to section 42(3) of Public Finance (Control and Audit) Ordinance 1976, and section 114(3) of the Constitution, I am pleased to submit my Audit Report for the above State-Owned Enterprises.

A copy of the above report is being sent to His Excellency Te Beretitenti and to the Honorable Minister of Finance and Economic Development as required under Section 114(3) of Constitution.

Yours faithfully

....

Eriati Taumá Manaima
Auditor General

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Bwebweriki Net Ltd
Financial Statements for the year ended 31st December 2024

Kiribati Audit Office
December 2025

KIRIBATI AUDIT OFFICE

P.O BOX 63
Bairiki, Tarawa
Kiribati

Tel1: (686)75021118
Tel2: (686)75021335
Email: support@kao.gov.ki

Audit for an impact for the public

File ref: SOE23 **04/12/25**

INDEPENDENT AUDITOR'S REPORT

To The Readers Of
Bwebweriki Net Ltd Financial Statements
For the year ended 31st December 2024

I have audited the Financial Statements of Bwebweriki Net Ltd (BNL) for the year ended 31st December 2023 as required under sec 114 (2) of the Constitution, Part VII, Sec 42(4) of the Public Finances (Control and Audit) 1981, Part IV Sec 23 of the SOE Act, 2013 and Sec 22(1) of the Kiribati Audit Act, 2017. The Financial Statements comprise of the following:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flow
- Notes to the Accounts

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of BNL as at December 31, 2024, and *(of)* its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards. (IFRS).

Basis of Opinion

Material Misstatements

The financial statements contain the following material misstatement which have not been corrected by management and unable to substantiate their justification.

Fixed Asset issue:

1. **Assets from Unsupported Valuation - $150,000 (AUD)**

   Bwebweriki Net Limited indicates in its financial statements and management responses that it adopts an income approach in the valuation of its Property, Plants and Equipment (PPE), including the Outer Island Network (OIN) passive infrastructure. However, the audit is unable to verify and confirm whether the valuation of the OIN passive infrastructure is in compliance with International Accounting Standards, due to the absence of working papers and evidence for the valuation.

I have conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are described in the Auditor's Responsibilities paragraph of my report. I am independent of the **BNL** in accordance with the Ethical requirements that are relevant to my audit of the financial statements of the Company, and I have fulfilled my other responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors and Management's responsibilities for the Financial Statements.

Board and Management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion as required under the Public Finance (Control and Audit) Ordinance 1976 and Kiribati Audit Act, 2017. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA/ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs & ISSAI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report
unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

BNL lodged its Financial Statement 2024 for audit on 01/03/2025 therefore indicating their non-compliance with submission due date specified under sec.20 of SOE Act, 2013.

Independence

Section 114 (4) of the Kiribati Constitution stipulates that the Auditor General shall not be subject to the direction or control of any other person or authority.

Other than the audit, we have no relationship with or interest in BNL.

....

Mr. Eriati Tauma Manaima
Auditor General.

Date: 04 December 2025

BwebwerikiNET Ltd

Ref: BNL/KAO/AG/25-014

31st March 2025

Mr Eriati Manaima
Auditor General
Kiribati Audit Office
Bairiki

Dear Sir:

SUBJECT: Bwebweriki NET Limited (BNL) Annual Account for the year ended 31 December 2024

Please find attached with this letter BNL's Annual Account for the year ended 31st December 2024 presented for your information and auditing.

I am looking forward to working with your staff on this Account.

Should you need further information please do not hesitate to contact our office or the undersigned.

Yours faithfully;

Bwanouia T Aberaam
Finance Management Officer

Cc: Mr Ioane Koroivuki
BNL Chief Executive Officer
MICT, Betio, Tarawa

cc: Mr Riteti Maninraka
Chairman BNL
MICT, Betio, Tarawa

BWEBWERIKINET LIMITED (BNL)
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024		2023	
INCOME					
Southern Cross Management Fee					
Southern Cross Pre RFS Reimbursement	5			$	32,867.87
Southern Cross Post RFS Reimbursement	5	$	23,725.84	$	71,439.67
Government Grant	5	$	30,765,453.43	$	1,965.80
KIR (SX NEXT) - Capacity sales					
TRW (EMC) - Capacity sales					
OIN - Infrastructure Lease	5	$	77,400.00	$	19,350.00
KIR (SX NEXT) - IP transit	5	$	59,428.61		
TRW (EMC) - IP transit					
OIN - Colocation fees					
Other Income	5	$	10,696.68		
TOTAL INCOME		**$**	**30,936,704.56**	**$**	**125,623.34**
EXPENDITURE					
Direct Staff Cost	6	$	35,260.12		$19,007.26
Indirect Staff Cost	6a	$	18,324.15		$5,574.58
Operating Cost	7	$	151,406.56		$53,696.74
Repair & Maintenance	8	$	1,641.10		$13,105.66
Financial/Administration Cost	9	$	15,290.57		$9,691.72
Outer Islands Project Mobile Rollout Phase 3	9b	$	152,057.75		
TOTAL OPERATING EXPENSES		**$**	**373,980.25**		**$101,075.96**
EBITDA		**$**	**30,562,724.31**	**$**	**24,547.38**
Other Expenses					
Depreciation/Amortisation	**10**	$	493,543.70	$	2,169.06
Exchange Loss		$	317.61	$	2.07
EBIT		**$**	**30,068,863.00**	**$**	**22,376.25**
Income tax				$	-
Net Profit After Tax		**$**	**30,068,863.00**	**$**	**22,376.25**

Approved by Chairman:

Chief Executive Officer:

BWEBWERIKINET LIMITED (BNL)

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Note	2024	2023
Current assets			
Cash and Cash equivalents	11	$2,036,797.73	$952,771.73
Grant Clearing Account			($1,610.80)
Trade and other receivables	12	$ 355.00	$ 25,636.37
Inventories			
Total Current Assets		**$ 2,037,152.73**	**$ 976,797.30**
Current Liabilies			
Trade and Other payables	13	$ 50,791.03	$ 43,406.61
Total Current Liabilities		$ 50,791.03	$ 43,406.61
Working Capital		**$ 1,986,361.70**	**$ 933,390.69**
Non Current Assets			
Property, Plant and Equipment	14	$ 28,922,885.52	$ 6,954.33
Total Assets		**$ 30,960,038.25**	**$ 983,751.63**
Non Current Liabilities			
Deposits from Service Providers for OIN	15	$807,993.51	$ 907,954.31
Deferred Income			
Total Non-current Liabilities		**$ 807,993.51**	**$ 907,954.31**
Total Liabilities		**$ 858,784.54**	**$ 951,360.92**
Net Assets		**$ 30,101,253.71**	**$ 32,390.71**
Equity			
Capital			
Reserves			
Dividends Paid			
Retained earnings	16	$32,390.71	$ 10,014.46
Current Year Earnings		$ 30,068,863.00	$ 22,376.25
		$ 30,101,253.71	**$ 32,390.71**

Approved by Chairman:

Chief Executive Officer:

Bwebweriki NET Ltd

Statement of Cash Flow
for the year ended 31 December 2024

	Account Name		
Cash Flow from Operating Activities			
Net Income		$30,068,863.00	
	Trade Debtors	$25,281.37	
	PAYE Tax Payable	$3,425.06	
	Trade Creditors	($5,010.57)	
	Customer Deposits & Overpayments	$8,969.93	
	Vodafone Deposit for OIN	($99,960.80)	
	Depreciation. Office Equipment	$1,312.04	
	Depreciation Computers	$1,468.72	
	Depreciation Motor Vehicles	$348.53	
	Depreciation Kiritimati CLS	$484,214.20	
	Depreciation OIN Passive Infrastructure	$6,250.00	
Net Cash Flow from Operating Activities			$30,495,161.48
Cash Flow from Investing Activities			
	Office Equipment At Cost	($4,232.25)	
	Motor Vehicles At Cost	($2,439.80)	
	Kiritimati Cable Landing Station at Cost	($29,252,852.63)	
	OIN Passive Instrastruture at Cost	($150,000.00)	
Net Cash Flow from Investing Activities			($29,409,524.68)
Cash Flow from Financing Activities			
Net Cash Flow from Financing Activities			$0.00
Net Increase/Decrease for the period			$ 1,085,636.80
Cash at the Beginning of the period			$951,160.93
Cash at the End of the period			$ 2,036,797.73

Approved by Chairman:

Chief Executive Officer:

BWEBWERIKI NET LTD (BNL)
Statement of changes in Equity
as at 31st December 2024

	Capital	Reserves	Retained Profits	Total Equity
Balance at 1 January 2023	$ -	$ -	$ 10,014.46	$ 10,014.46
Profit/(Loss) after income tax for the period	$ -	$ -	$ 22,376.25	$ 22,376.25
Dividend paid	$ -	$ -	$ -	$ -
Balance at 31 December 2023	$ -	$ -	$ 32,390.71	$ 32,390.71
Balance at 1 January 2024	$ -	$ -	$ 32,390.71	$ 32,390.71
Profit/(Loss) after income tax for the period	$ -	$ -	$ 30,068,863.00	$ 30,068,863.00
Dividend paid	$ -	$ -	$ -	$ -
Balance at 31 December 2024	**$ -**	**$ -**	**$ 30,101,253.71**	**$ 30,101,253.71**

Approved by Chairman:

Chief Executive Officer:

Notes form part of the Financial Statements for the period ending 31st December 2024

1. The Government of Kiribati created Bwebweriki NET Limited (BNL) registered on the 23rd of November 2017, with a registered address at Nanikaai, Tarawa in the Republic of Kiribati. BNL is a state-owned enterprise, with the aim that it will operate indefinitely providing wholesale high-speed internet to licensed service providers using submarine cables to connect the two main urban centers Kiritimati and Tarawa Islands to the global internet and to deal with its main responsibilities as mandated by government to:

   (a) manage Kiribati's interests in the East Micronesian Cable (EMC), (b) manage the Outer Islands Network (WB P126324); c) manage the Kiritimati Southern Cross NEXT cable, and (e) be the vested owner of designated former incumbent Telecom Services Kiribati Limited (TSKL) assets such towers, masts, buildings and site electrical facilities outside of Tarawa and Kiritimati, and as the grantor of access to those assets in provision of service arrangements in Outer Islands.

   The government of Kiribati through the Ministry of Information, Communication and Transport (MICT) was providing funding for BNL operational costs to enable BNL to start up with and to improve the formation of its office capacity to achieve its main establishment. BNL is anticipated to start its commercial operations in 2024.

   The East Micronesia Cable System (EMCS) is a jointly financed regional submarine cable system that will connect Tarawa, Nauru, and Kosrae (FSM) to Pohnpei (FSM), The proposed system will have onward connectivity through an IRU with FSMTCC from Pohnpei to Guam (US) via the HANTRU-1 cable.

   The total cost of the EMC cable system is about US$54 million including infrastructure and technical/managerial support for the three consortium countries. The restructure in the funding of this project occurred and the governments of Australia, Japan and the United State of America are now taking over. Since the fund of the project is managed by another agency, BNL is not involved in the recording of the project-related fund except for small amounts that BNL absorbs as part of its expenses.

   Another project assigned to BNL for implementation is the Fibre to the Premises (FTTP), funded by the World Bank. KFSU manages the project funds, while BNL assists only with payroll-related tasks and verification of charges before submission to KFSU for payment.

   Additionally, Kiribati received a grant of USD 21.6 million from the ADB for the SX NEXT Project. With the Cable Landing Station being brought into service in mid-December 2023, it is now recognized as part of BNL's asset pool and is disclosed in BNL's accounts for transparency.

   Within the EMC agreement with Kiribati a fund of USD 300,000 was agreed to transfer from Local funding that should be in the BNL Bank account and to be treated as an Equity. It was also agreed that this fund would be in the equity that will remain in that account to meet any future damages of the submarine cable. However, this fund has not been transferred yet to the BNL account.

A significant portion of the Outer Island Network's passive infrastructure—including towers, masts, and related assets previously owned by the former incumbent service provider, Telecom Services Kiribati Ltd (TSKL)—was transferred to BNL for management.

These assets are in poor and dilapidated condition, and according to accounting records, most are fully depreciated, except for the towers built approximately five to seven years ago, which are now recognized as part of BNL's asset pool. The remaining towers and masts urgently require repairs and/or refurbishment. Once this work is completed, a revaluation will be necessary to determine their updated value before they are formally recorded as part of BNL's assets.

Recently, the government of Kiribati has continued investing in the outer islands to enhance voice and data coverage provided by the two main mobile service providers.

In early 2024, the government committed approximately AUD 1.3 million dollars to fund the construction of five new towers on the islands of Marakei, Abaiang, Abemama, Tabiteuea Meang, and Onotoa. Bwebweriki Net Ltd was tasked with implementing this. The project is already underway, with all five towers expected to be erected and completed by August 2025.

2. Basis of Preparation

The company's financial statements have been prepared using the historical cost basis, in accordance with generally accepted accounting principles (GAAP) standards, and statutory requirements in Kiribati. The financial statements are presented in Australian dollars, the official currency of Kiribati. Transactions involving other currencies, such as New Zealand and US dollars, are translated using the daily exchange rate provided by the local ANZ Bank (Kiribati) Ltd.

As Kiribati has not adopted a mandatory specific accounting standard, the financial statements are prepared in compliance with local GAAP, standards, and legal requirements, ensuring the consistent selection and application of accounting policies for transactions and events. The planned transition to adopt the International Financial Reporting Standards (IFRS) and implement them in the 2023 Annual Accounts is currently on hold. The company's principal accounting policies are outlined in Note 3.

3. Accounting Policy

The financial year for the company is the fiscal year starting from January to December

3.1. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government.

Before the Kiritimati Cable Landing Station is ready for service (RFS) all costs related to the operation of the station should be reimbursed from Southern Cross NEXT and such costs that BNL claimed are recognised as revenue and called Pre-FRS Reimbursement until the end of June 2022 as per Land Party Agreement (LPA), and costs claimed thereafter are called Post-RFS Reimbursement. Leasing of Outer Island Passive Infrastructure (towers and masts) to Service Providers is another source of revenue for BNL and recognised when the invoice is issued.

Government grants represent another source of revenue recognized by BNL in this financial year. Two grants have been recorded during the reporting period, one of which relates to in-kind assets—specifically, the Cable Landing Station (CLS) in Kiritimati, funded by the ADB, with a fair value of AUD 29,252,852. This grant was initially recognized when the CLS was commissioned in mid-December 2023, using the capital approach for accounting.

However, due to the accelerated decline in the company's net assets, both management and the Board deemed it necessary to transition to the revenue approach for grant asset recognition during this reporting period. This change was implemented to provide a more accurate and transparent reflection of BNL's financial position and net worth. The grant was officially recognized in March 2024 when BNL commenced commercial operations. Under the revenue approach, the in-kind asset grant is accounted for in the profit and loss statement over the depreciable asset's useful life.

A similar in-kind asset transfer from the Government of Kiribati to BNL involved the Outer Island Network Passive Infrastructure, including towers, masts, huts, and other small assets associated with these structures. These assets were valued at their fair market value and accounted for using the same approach as the Cable Landing Station (CLS). During the reporting period, the OIN Passive Infrastructure was valued at AUD 150,000. This grant was provided with the condition that BNL would ensure the delivery of high-quality, affordable internet services while maintaining and managing these assets sustainably. The government grant is recorded as a separate revenue item in the income statement.

The second type of government grant recognized in the financial statements was a cash payment of AUD 1,360,990 from the government to BNL for the construction of five towers on remote islands. This grant, categorized as cash-related, was also included in the government grant revenue in the income statement, following the same accounting treatment.

Additionally, other government grants, such as expenses related to the Board, which were covered by the Ministry of Information, Communication, and Transport, were also classified as government grants. These expenses amounted to AUD 1,610.80.

3.2. Tax Income

Since the company has not yet commenced operations, there is no current income tax payable. The income tax expense reflects the sum of both current and deferred tax. The current tax payable is determined based on taxable profit for the year. For this reporting period, the only tax obligation is the PAYE tax payable.

3.3. Property, Plant and Equipment

Property, plant, and equipment are measured at cost, net of accumulated depreciation and any impairment losses.

Depreciation is applied using the straight-line method to allocate the cost of assets, less their residual values, over their estimated useful lives. The Cable Landing Station (CLS) in Kiritimati was completed and ready for service in June 2022. However, it was brought into service until mid-December 2023 due to the delayed construction of a tower necessary for service providers to connect to the station due to closure of the border during Covid-19.

The CLS was subsequently capitalized and recorded in the company's books in March 2024, when actual operations commenced.

The following annual rates are used for the depreciation of property, plant and equipment:

Buildings	2%
Furniture and Equipment	10% to 25%
Motor vehicles	20% to 25%
Computer equipment	10% to 25%
Telecommunications Equipment and Plant	5% to 33%

If there is an indication that there has been a significant change in the depreciation rate useful life or residual value of an asset, the depreciation of that asset is revised to reflect the new expectation

A gain or loss on disposal of the Fixed Asset must be recognised in the Profit and Loss Statement.

Assets that are recognised as part of government grants are Cable Landing Stations and Outer Islands Network (OIN) Passive Infrastructure. Southern Cross NEXT was ready for service and was lit up for service delivery. Southern Cross NEXT Cable Station was recognised as part of BNL pool of assets in Mid- December 2023 but later resolved by the Board to change the accounting approach to the Income Approach and be recognised when it started its commercial operations in March with its value-determined and depreciated using the Telecommunications Equipment and Plant rate.

This grant is related to the asset known as the Cable Landing Station in Kiritimati Island, and funded by the Asian Development Bank, a grant to the government of Kiribati. In addition, there is no condition that BNL is expected to adhere to of this asset except to own, manage, and use it as its asset

OIN Passive Infrastructure refers to towers and masts owned by the former incumbent Service Provider, Telecom Services Kiribati Ltd (TSKL), and had been under the MICT portfolio when sold to ATH. In 2021, the government mandated BNL to look after this passive infrastructure. Based on the accounting record, most of these assets are fully depreciated except for a few that were just built and were also recognised as part of the pool of BNL Assets and depreciated accordingly using the rate of 5%. The remaining towers and masts need to be audited to determine whether they need to be refurbished, replaced, and will be valued accordingly.

As a disclosure requirement for this asset, the treatment is the same as the Cable Landing Station. With all these assets being transferred to BNL, it is mandated to manage, maintain, and sustain its operations. With these in-kind assets, BNL recognised them as Assets related to government grant, and the accounting treatment or methods and presentation, are no different to the Cable Landing Station in Kiritimati.

3.4. Trade and other receivables

Since the company started offering the service, early 2024, it is anticipated that few Account receivables during the reporting period, mainly Service Providers that are going to interconnect with the CLS in Kiritimati. Southern Cross Cable Limited, which has an agreement with Bwebweriki Net Ltd through the Landing Party Agreement (LPA) will be the main Account receivable through the reimbursement arrangement.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine if there is any evidence that the amounts are not recoverable. An impairment loss is recognised when evidence is identified.

3.5. Trade and other payables

With BNL starting its commercial operations early this year, the number of account payables are increasing that are dealing with BNL. The main creditor is BNL's Upstream Service Provider, Fiji International Telecommunications (FINTEL), and others related to utility services.
Foreign payables that are denominated in a foreign currency and are translated into Australian dollars, currency in use in Kiribati using the exchange rate of the ANZ Bank Kiribati Ltd rate on the date the transaction takes place. Foreign exchange gains or losses are included in other income or expenses.

With BNL now, mandated by the government to look after the Outer Islands Network (OIN) (i.e., Masts, Towers, and other fixed Assets), and with the need to develop and improve the services to the people in the outer islands, bids are offered to Service Providers resulting in making mandatory security Deposits by the government to the Escrow Account looked after by BNL, and thus treating them as other Payables since they will be reimbursed upon meeting bids requirements or when unsuccessful in the bidding process.

4.0. Management Fee

No Management fee for the reporting period

5.0. Income and Other Income

This is the first year of commercial operations of BNL, starting with the provision of IP Transit Service by Kiritimati Landing Cable Station. Since its commissioning, one service provider connected to the CLS started with 100mbps bandwidth. To stimulate the market, this operator was given a discounted price.

The lease of a few towers and masts in the outer islands generates revenue for BNL every month calling it, OIN Passive Infrastructure.

The reimbursement from SCCL is called Post RFS Reimbursement and BNL treats it as revenue since it is related to revenue-generating activities. This reimbursement is a form of inflow and it increases the economic benefits of BNL, thus treated revenue.

The last other income is a government grant which in this case, is a combination of both the In-kind assets and cash. The fair value of the Assets-In-Kind as previously explained related to both Kiritimati CLS and OIN Passive Infrastructure. The grant in the form of cash from the government of Kiribati related to the financing of the construction of five towers for the five selected islands. It is also recognised as the revenue of BNL following the Accounting Standards treatment of government grants.

Additionally, the following are notes and disclosures form part of the Financial Statements.

Note 5

Income	
OIN - Infrastructure Lease	$77,400.00
KIR (SX NEXT) - IP transit	$59,428.61
Government Grant - In Kind	$29,402,852.63
Government Grant - Cash	$ 1,362,600.80
Post-FRS Reimbursment LPA	$23,725.84
Other Income	$10,696.68
	$30,936,704.56

The Government Grant is presented separately as an income in the Income Statements and as previously mentioned, it is accounted following the Income Approach, in which the grant is recognised in the profit and loss in one or more periods usually as a credit to other income.

EXPENDITURES

The expenses for the company are grouped in categories as depicted below.

6. Direct Staff Cost

Note 6

Direct Staff Cost	
Wages & Salaries Expenses	$26,260.12
Staff Leave Grant	$9,000.00
	$35,260.12

6a. Indirect Staff Cost

Note 6b

Indirect Staff Cost	
Superannuation (KPF) Expenses	$5,996.73
PAYE Tax Expense	$3,425.06
Staff Training Expenses	$8,902.36
	$18,324.15

7. Operating Cost

Note 7	
Operating Cost	
Internet and Telephone Expenses	$3,754.41
Local Travel Expenses	$4,590.00
Travel & Accom. Expenses	$700.00
Motor Vehicle Fuel/Oil	$4,374.04
Motor Vehicle Maintenance	$2,113.00
Transport Expenses	$950.00
Vehicle Registration and Licences	$240.00
Agency and Freight Expenses	$1,042.82
Upstream ISP -FINTEL IP Transit Fee	$104,014.84
Kiritimati CLS Expenses	$2,144.18
FTTP Project Expenses	$1,372.36
EMC Project Expenses	$2,922.70
Overseas Travel Expenses	$7,972.00
Port Charges	$392.91
Custom Duty Expenses	$804.10
Insurance Expenses	$7,280.00
Miscellaneous Expenses	$3,264.20
Electricity Expenses	
Kiritimati CLS Fuel	$3,475.00
	$151,406.56

8. Repair and Maintenance

Note 8	
Repair & Maintenance	
General Repairs & Maintenance	$646.90
Repair and Maintenance - Office Equipment	$994.20
Government Outer Island Project Expenses	$0.00
	$1,641.10

9. Finance and Administration Cost

Note 9	
Financial/Administration Cost	
Bank Fees	$275.00
Office Expenses	$6,992.11
Board Expenses	$4,427.60
Website and Domain Hosting fee	$472.23
Membership and Subscription fees	$2,005.13
Computer Expenses	$1,078.00
Stationery	$40.50
	$15,290.57

9b. Outer Islands Project Mobile Rollout Phase 3

Outer Island Network (OIN) Passive Infrastructure project refers to the construction of five new Towers on five outer islands as previously mentioned. BNL was mandated by the Kiribati Government to manage the implementation of the project. These towers are going to be owned by BNL and as soon as they are completed, they will form part of the pool of BNL's Assets. The project fund was transferred to BNL and was also recognised as a direct grant. The total expenses related to this project as of 31 December 2024 are depicted below.

Note 9b

Outer Islands Project Mobile Rollout Phase 3

221113: Local services - Works Contract	*$148,000.00*
227211: Internal Travel - Airfares/ Shipfares	$4,057.75
	$152,057.75

10. Depreciation Expense

DEPRECIATION EXPENSES		
Office Equipment Depreciation		$1,178.52
Computer Depreciation		$1,602.24
Motor Vehicle Depreciation		$298.74
Kiritimati CSL Depreciation		$484,214.20
OIN Passive Infrastructure Depreciation		$6,250.00
Total Depreciation Expenses		**$493,543.70**

11. Cash and Cash Equivalent

At the end of this financial year, the balance of the fund managed by BNL in implementing the construction of the five towers was $1,210,042.25. The remaining are deposits by Service Providers together with BNL fund being generated from the lease of its passive infrastructure and sale of its IP Transit services from the Kiritimati CLS.

Cash and Cash equivalents	
Bwebweriki Net Ltd #1186903	$826,755.48
Bwebweriki Net #1186903 OIN Project Mobile Phase 3	$1,210,042.25
	$2,036,797.73

12. Trade and Other Receivables

BNL's main Trade Receivables are Service Operators and Southern Cross Company Ltd which continues to provide funding assistance to BNL as part of the Landing Party Agreement (LPA)

Note 12

Trade and other receivables	
Trade Debtors	$355.00

13. Trade and other Payables

BNL's main Trade Payable is its Upstream Internet Service Provider (ISP), the Fiji International Telecommunications Pte Limited (FINTEL), a Cable Company, based in Fiji. Receiving bills on a monthly from FINTEL from the different services and started with the IP Transit Service offering.

Note 13

Trade and Other payables	
Trade Creditors	$33,797.34
Customer Deposits & Overpayments	$8,969.93
PAYE Tax Payable	$8,023.76
	$50,791.03

14. Property, Plant and Equipment

Property, Plant and Equipment

Non-Current Assets			
Non-Current Assets			
Office Equipment			
Office Equipment At Cost	$8,680.14		
Accum. Depr. Office Equipment	($1,980.49)		
Total Office Equipment		$6,699.65	
Computers			
Computers At Cost	$6,409.13		
Accum. Depr. Computers	($4,702.96)		
Total Computers		$1,706.17	
Motor Vehicles			
Motor Vehicles At Cost	$2,439.80		
Accum. Depr. Motor Vehicles	($348.53)		
Total Motor Vehicles		$2,091.27	
Kiritimati Cable Landing Station at Cost	$29,252,852.63		
Accum.Depr. Kiritimati CLS	($484,214.20)		
Total Motor Kiritimati Cable Landing Station Vehicles		$28,768,638.43	
OIN Passive Intrastructure			
OIN Passive Instrastruture at Cost	$150,000.00		
Accum.Depr OIN Passive Infrastructure	($6,250.00)		
TotalOIN Passive Intrastructure		$143,750.00	
Total Non-Current Assets			**$28,922,885.52**

15. Deposits from Service Providers for Outer Island Network (OIN)

Since BNL was mandated to look after the OIN Passive Infrastructure of the former Incumbent Telecom Operator in the outer islands, there were also government initiatives to improve the access and coverage of both the data and voice in the outer islands. In the process, the construction of new towers with services being offered to the selected region of Kiribati involves deposits from the bidders (Service Providers). The Escrow Account was created and BNL is managing it. The balance of the account is depicted below.

Note 14	
Non Current Liabilities	
Deposit from Service Providers	$807,993.51

As a new requirement by the Kiribati Audit Office, State Owned Enterprises (SOEs) must adhere; and to have all their Financial Statements signed by all the directors, and the BNL 2024 Annual Account complies with it.

Chairman	Vice Chair	Director	Director
Mr Riteti Maninraka	Ms Maryanne Namakin	Mr Teiraoi Tetabea	Mr Sam Maunga